

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

HONEYWELL INTERNATIONAL INC.,)	
and HONEYWELL INTELLECTUAL)	
PROPERTIES INC.,)	
)	
Plaintiffs,)	C.A. No. 05-874 (KAJ)
)	
v.)	JURY TRIAL DEMANDED
)	
CITIZEN WATCH CO., LTD. and)	
CITIZEN DISPLAYS CO., LTD.,)	
)	
Defendants.)	

**PLAINTIFFS' REPLY TO THE COUNTERCLAIMS OF DEFENDANTS
CITIZEN WATCH CO., LTD AND CITIZEN DISPLAYS CO., LTD.**

Plaintiffs Honeywell International Inc. ("Honeywell International") and Honeywell Intellectual Properties Inc. ("HIPI") (collectively, "Honeywell") hereby reply to the counterclaims alleged in paragraphs 35-52 of Defendant Citizen Watch Co., Ltd. and Citizen Displays Co., Ltd.'s Answer to the Complaint, Affirmative Defenses, and Counterclaims ("Counterclaims") filed with this Court by Defendants Citizen Watch Co., Ltd. and Citizen Displays Co., Ltd. (collectively, "Citizen") on February 21, 2006 (D.I. 7).

General Allegations

1. Honeywell admits the allegations set forth in paragraph 35 of Citizen's Counterclaims.
2. Honeywell admits the allegations set forth in paragraph 36 of Citizen's Counterclaims.
3. Honeywell admits the allegations set forth in paragraph 37 of Citizen's Counterclaims.

4. Honeywell admits the allegations set forth in paragraph 38 of Citizen's Counterclaims.

5. Honeywell admits the allegations set forth in paragraph 39 of Citizen's Counterclaims.

6. As to the allegations set forth in paragraph 40, Honeywell admits that an actual and justiciable controversy exists between Honeywell and Citizen with respect to the infringement of the patent in suit, its validity, and its enforceability, but denies all remaining allegations set forth therein.

Jurisdiction

7. Honeywell admits that jurisdiction is proper. To the extent paragraph 41 of Citizen's Counterclaims incorporates averments of noninfringement, invalidity, and unenforceability, Honeywell denies those allegations.

First Counterclaim (Declaration of Non-Infringement of the '371 Patent)

8. Honeywell responds to the allegations set forth in paragraph 42 of Citizen's Counterclaims by incorporating herein by reference its replies of paragraphs 1-7 of this Reply to the Counterclaims of Defendants Citizen Watch Co., Ltd. and Citizen Displays Co., Ltd.

9. Honeywell denies each and every allegation contained in paragraph 43 of Citizen's Counterclaims.

10. Honeywell denies each and every allegation contained in paragraph 44 of Citizen's Counterclaims.

11. As to the allegations set forth in paragraph 45, Honeywell admits that an actual and justiciable controversy exists between Honeywell and Citizen with respect to the infringement of the patent in suit, but denies all remaining allegations set forth therein.

Second Counterclaim
(Declaration of Invalidity of the '371 Patent)

12. Honeywell responds to the allegations set forth in paragraph 46 of Citizen's Counterclaims by incorporating herein by reference its replies of paragraphs 1-11 of this Reply to the Counterclaims of Defendants Citizen Watch Co., Ltd. and Citizen Displays Co., Ltd.

13. Honeywell denies each and every allegation contained in paragraph 47 of Citizen's Counterclaims.

14. As to the allegations set forth in paragraph 48, Honeywell admits that an actual and justiciable controversy exists between Honeywell and Citizen with respect to the validity of the patent in suit, but denies all remaining allegations set forth therein.

Third Counterclaim
(Unenforceability of the '371 Patent)

15. Honeywell responds to the allegations set forth in paragraph 49 of Citizen's Counterclaims by incorporating herein by reference its replies of paragraphs 1-14 of this Reply to the Counterclaims of Defendants Citizen Watch Co., Ltd. and Citizen Displays Co., Ltd.

16. Honeywell denies each and every allegation contained in paragraph 50 of Citizen's Counterclaims.

17. Honeywell denies each and every allegation contained in paragraph 51 of Citizen's Counterclaims.

18. Honeywell denies each and every allegation contained in paragraph 52 of Citizen's Counterclaims.

PRAYER FOR RELIEF

A. Honeywell denies that Citizen is entitled to any of the relief requested in the prayer for relief asserted in connection with its counterclaims.

B. Honeywell respectfully requests that the Court:

1. dismiss each of Citizen's Counterclaims with prejudice;
2. grant the relief requested by Honeywell in its Complaint; and
3. award such other relief as the Court may find to be just.

DEMAND FOR A JURY TRIAL

Honeywell demands a jury trial on all issues triable by a jury.

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ Leslie A. Polizoti

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March 16, 2006
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CERTIFICATE OF SERVICE

I certify that on March 16, 2006, I electronically filed the foregoing document with the Clerk of Court using CM/ECF, which will send notification of such filing to Thomas C. Grimm and John M. Seaman.

I further certify that, on March 16, 2006, I caused copies of the foregoing document to be served on the following in the manner indicated:

BY HAND

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/s/ Leslie A. Polizoti (#4299)

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